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STATE FOR EUR/CARC AND EEB/EPC/IEC
COMMERCE FOR 4231/ITA/MAC DANICA STARKS

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TAGS: PREL ENRG GG AR RU TX UN

SUBJECT: EUR DAS MATT BRYZA'S MARCH 29 MEETING WITH
GEORGIAN PM NOGHAIDELI

Classified By: Ambassador John F. Tefft, reason 1.4(b) and (d).

¶1. (C) Summary: In a March 29 meeting with Georgian Prime Minister Zurab Noghaideli, EUR DAS Matt Bryza discussed the recent attack on Georgian government buildings in Kodori and rising tensions in the Gali region, and their relationship to the debate over the next UNOMIG mandate renewal in the United Nations Security Council. Noghaideli expressed hope that Georgian restraint in these areas would earn Georgia more consideration in the UNOMIG debate. Noghaideli tracked Bryza down after the meeting to agree to meet with Abkhaz de-facto prime minister Ankvab. Noghaideli reported to Bryza on his recent trip to Turkmenistan. He said that Western companies have an opportunity to develop Turkmenistan's off-shore natural gas reserves, but they must act quickly. Developing off-shore reserves may lead to more opportunities on-shore in the future and to exports to Azerbaijan and into the Southern Corridor. He believes Turkmenistan's new president, Berdimuhamedov, is likely to become more authoritarian over time. He urged the U.S. and EU countries to invite Berdimuhamedov to visit their capitals, while he is still open to new ideas. He complained that Azerbaijan's monopoly on transport through the Caucasus is becoming an obstacle to attracting transport of oil and gas through the Caucasus from Kazakhstan and Turkmenistan. An April 4 trilateral meeting with Kazakhstan, Georgia and Azerbaijan will address this problem. Noghaideli said that Armenia's close relationship with Russia is costing it economically and politically. End Summary.

UNOMIG RENEWAL RESOLUTION

¶2. (C) DAS Bryza assured Noghaideli that the United States will take a firm line with Russia in the debate on renewal of the UNOMIG mandate in the United Nations Security Council (UNSC). The Russians will not be allowed to insert language questioning Georgia's right to be in the Kodori Gorge or the right of IDP's to return to the whole of Abkhazia, not only Gali, he said. The resolution calls for cooperation between UNOMIG and CIS peacekeepers and for more confidence building measures as agreed by the Group of Friends. While the USG will push back hard in response to Russian pressure, Bryza warned that if the U.S. stance is perceived as too anti-Russian, it will undercut U.S. credibility among the Friends and make it more difficult to get a good resolution in the UN.

¶3. (C) Noghaideli expressed resentment at the Russians' ability to shell Georgian buildings in Kodori and then use the attack to portray Georgia as unstable in the leadup to the renewal of the UNOMIG mandate in Abkhazia. Georgia's restraint is being used against it, he said. Bryza said that

although the USG is convinced that Russia was involved in the March 11 Kodori attack, it is unlikely the UN report will clearly acknowledge their involvement. Georgia's response to the provocation was exactly what was required, and much better than its highly public arrest of the GRU agents in October 2006. Noghaideli said that Georgia feels it is getting very little from its show of restraint after Kodori. If, for example, the resolution condemns the move of the Abkhaz government-in-exile to Kodori, it will force Georgia to reconsider its behavior.

¶4. (C) Bryza told Noghaideli that in a recent meeting with Russian Foreign Minister Karasin, Under Secretary Burns directly criticized Russia's more aggressive attitude toward Georgia, and defended Georgia's right to be in Kodori and its responsibility to provide security for its residents. The USG is pushing the UNSC to "condemn", rather than "express concern" about the March 11 attack. Karasin did not dispute Georgia's right to administer to its citizens in the Upper Kodori, though he did call for Georgia to "rationalize" its police presence there. Noghaideli speculated that Karasin was unaware of the Kodori attack, but that the highest levels of the Russian government had approved it nevertheless. Bryza observed that Karasin's claim that the Georgians brought the attack on themselves was unacceptable.

TENSIONS IN GALI

¶5. (C) Bryza said the USG is worried by recent violent incidents in Gali, including the arrest on drug charges of Abkhaz police official Chakabaria by Georgian law enforcement. Noghaideli was reluctant to consider the release of Chakabaria by Georgia as a confidence building

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measure. He described him as a "fascist" and "war criminal". His release, Noghaideli said, would send a message of impunity, and his exchange for prisoners held by the Abkhaz would only encourage future hostage taking by the Abkhaz. He fears the release of Chakabaria will only increase tensions in the long run and damage the security of the people in Gali. The GOG will look for ways to decrease tensions, but it cannot enter into a prisoner exchange, he said.

¶6. (C) Noghaideli said that although his meeting with Abkhaz de facto prime minister Ankvab was canceled, the Abkhaz are now seeking to reschedule it. However, they are seeking Noghaideli's presence at what is essentially a technical meeting, and after Ankvab's first refusal to meet, he is not inclined to attend. The meeting will go forward without his participation, however. (Note: at the meeting an agreement on dividing the output of the Enguri power plant will be signed. The agreement included a GOG commitment to finance individual electric meters to consumers on the whole territory of Abkhazia.) Bryza suggested that the agreement on the Enguri power plant output would be helpful before the UNOMIG mandate renewal vote, because it would emphasize Georgia's willingness to cooperate with the Abkhaz. Bryza urged Noghaideli to meet with Ankvab. Noghaideli resisted, but he later called Bryza to say he had reconsidered and is now willing to meet with Ankvab.

FOCUSING ON TRANS-CASPIAN OIL AND GAS

¶7. (C) Bryza praised Georgia and Azerbaijan for cooperating on meeting their energy needs this year, and especially Azerbaijan's willingness to do without Russian gas and to stop shipping oil through Novorossisk in response to Russian demands that Azerbaijan not supply Georgia. Noghaideli said that Aliyev's decision was mostly a reaction to Russia offering better terms for its gas to Armenia than to Azerbaijan. He complained that Azerbaijan is creating significant problems for transport of oil through the South Caucasus. He will meet with Azerbaijan and Kazakhstan

leaders in Baku on April 4 to discuss the issue.

¶18. (C) Drawing on his recent trip to Ashgabat, Noghaideli told DAS Bryza that President Berdimuhamedov wants western legitimacy. Trips to Europe and America would give him that and would expose him to the West. Such trips should happen soon, Noghaideli said. He said that Berdimuhamedov can become a leader either in the style of Kazakhstan's Nazarbayev or, less appealingly, Uzbekistan's Karimov -- though he will never be a Saakashvili. Although human rights advocates may object, Noghaideli said, now is the time to deal with Berdimuhamedov if the West is to have any influence as he grows into his new position.

¶19. (C) Noghaideli said that Turkmenistan has always sought a balance between Russia and Iran, and now will want to do so between Russia and the West. He said that Turkmenistan currently sells its oil on an exchange within the country at a low price, but forces it to be taken out via Iran and to Afghanistan. Noghaideli thinks that if Berdimuhamedov allows the free sale of oil outside the country, 90 percent of it would go west through the Caucasus -- but for the problems the Azeris are creating in transportation. Noghaideli said that Berdimuhamedov will likely be willing to license western companies to develop Turkmenistan's off-shore reserves of natural gas. He confirmed that the Georgian Oil and Gas Corporation will seek such a license. Oil and gas from fields developed by Western companies will only flow west, he believes. Bryza said that Noghaideli's view confirms what the USG is hearing from Turkmenistan. He mentioned the U.S. hope to export Turkmen gas from Block One, operated by Petronas, to Baku's ACG field.

¶10. (C) Bryza mentioned that Kazakhstani Prime Minister Massimov has expressed interest in shipping compressed natural gas across the Caspian. Noghaideli again complained that Azerbaijan has "destroyed a good transport relationship" over the past year. The Georgian-proposed Georgia-Azerbaijan-Kazakhstan trilateral in Baku on April 4 is important in that regard, he said. (Note: Massimov is scheduled to visit Tbilisi as well as Baku.)

¶11. (C) Noghaideli said that he has given up on getting Turkey to share its Shah Deniz gas with Georgia. Turkey will not be ready to receive gas until September, he said. Georgia is now discussing getting more gas from the Azeris, who he says have enough to cover Georgia's needs. President

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Saakashvili is calling Azeri President Aliyev to discuss. Because of the delays in production of Shah Deniz gas earlier this year, Georgia did not get as much gas as it had hoped from Azerbaijan, only 20% of its imports, according to Noghaideli. Russian gas will be about 50% of supply this year, he said. The warm winter and good management have allowed Georgia to reduce its gas consumption this year, however.

ARMENIAS ONLY FRIEND(S)

¶12. (C) Bryza and Noghaideli briefly discussed the situation in Armenia. When he was in Armenia for the late Prime Minister Andranik Markarian's funeral, Noghaideli was surprised to learn that Armenia's government budget is only USD 1.1 billion, compared to Georgia's USD 2.7 million. Armenia's decision to rely on Russian support has hurt it economically and cost it nearly all its friends, other than Georgia, he said. The Government of Armenia is maintaining its NATO Individual Partnership Action Plan as a lifeline to the West, he said.

¶13. DAS Bryza has cleared this telegram.
TEFFT